

THE INVESTMENT MARKET

133

have occurred to an extent sufficient to satisfy his expectation of selling at a substantial profit, and accordingly, instead of concluding the transaction by payment of the purchase money on pay-day, he defers the acceptance of the stock he has bought and postpones completion until the ensuing fortnightly date; that is, he "carries over," or "continues" his bargain to the next account then beginning. In a similar manner, a speculator who has sold stock in the hope of realising a profit by subsequently purchasing it when a decline of price has occurred, discovers that events have not fully justified his anticipation of a fall, and accordingly decides to defer delivery of the stock of which he has disposed until the following Settlement in the expectation that the fall may meantime take place. He therefore "continues" his bargain.

In connection with these continuations, an official of the House, in accordance with certain rules, fixes, on the first day of the Settlement, a "making-up" price (usually determined by the actual mid-day price) as that on which these continued bargains are to be based. As the process would be found somewhat complicated if expressed in general words, I will adopt a concrete illustration ; and to prevent the confusion usually resulting from the use of demonstrative pronouns alone I will employ the personal and demonstrative distinction. Thus: I speculatively purchase a stock for the Account ending on June the 26th, at the price of 125; I do not wish to take it up on that day by paying the value. On the "carrying-over" day, accordingly, June the 24th, I (through a broker) sell to B (the jobber, for example," from whom I bought) exactly the same amount of that stock at the "making-up" price (which assume to have been fixed by the official at 124—the value of the stock having meantime fallen), to be delivered by me on June the 26th; and *at the same time* I buy from B precisely the same amount of that stock at the 124, to be paid for at the next Account on July the 15th. Hence by the act of sale I undo my first bargain of purchase, and stand in a free position for the further

part of the process, which consists in the new contract for the second purchase just mentioned. But as I originally bought at 125 and then sold at 124, I have, on June the 26th, to pay to B the "difference" of 1 per cent upon